

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' PLAN 2 RETIREMENT BOARD

Fish and Wildlife Service Credit Transfer Initial Consideration

October 26, 2005

1. Issue

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board requested a briefing on the transfer of service credit for fish and wildlife officers from the Public Employees' Retirement System (PERS) Plan 2 to LEOFF Plan 2.

2. Staff

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3. Members Impacted

The original fiscal note in January 2003 for HB 1205, estimated there were 72 PERS members (66 in PERS Plan 2 & 6 in PERS Plan 3) actively employed by the Department of Fish and Wildlife, recognized as general authority peace officers, who would be affected by this legislation. In addition to the 72 members identified in the fiscal note, any former fish and wildlife officers who become re-employed after July 23, 2003, would also be affected when they return.

4. Current Situation

In 2003, legislation was passed (HB 1205), which required fish and wildlife enforcement officers who were members of PERS Plan 2 or Plan 3 on or before January 1, 2003, and were employed on July 27, 2003, to become a member of LEOFF Plan 2, effective July 27, 2003.

Service earned prior to July 27, 2003 remained in PERS and the employee became a dual member. The bill also required new employees hired on or after July 27, 2003, to enter LEOFF Plan 2 membership. The bill specifically excluded employees who were members of PERS Plan 1.

5. Background Information

History

In 2002, the Legislature passed ESSB 6076 which expanded the definition of general law enforcement officer to include Fish & Wildlife Enforcement Officers. However, the same legislation also excluded the Department of Fish and Wildlife as a LEOFF employer.

In 2003, HB 1205 was passed which removed the exclusion of the Department of Fish and Wildlife as a LEOFF employer. In addition, HB 1205 added a new section to PERS (RCW 41.40.096) which mandated PERS Plan 2 or 3 members employed as Fish & Wildlife Enforcement Officers into LEOFF Plan 2. It further required PERS Plan 1 members employed as Fish and Wildlife Enforcement Officers, to remain in PERS Plan 1.

Since 1993, five separate bills, including HB 1205, have passed the Legislature allowing different groups into LEOFF Plan 2. Four of the five bills contained at least two of the following options regarding membership:

1. Remain in PERS
2. Join LEOFF Plan 2 prospectively
3. Join LEOFF Plan 2 retroactively

The fifth bill, regarding Fish and Wildlife Enforcement Officers, required that members become members of LEOFF Plan 2 on the effective date of the bill.

The four bills that allowed the retroactive transfer of member service credit required the member to pay the difference between PERS and LEOFF Plan 2 member contribution rates, plus interest. Of those four bills three have employer costs.

Employer costs consist of either paying the difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest, or an amount sufficient to ensure the contribution rate level of current members of LEOFF Plan 2 would not increase due to the transfer, or both. An amount “sufficient to ensure the contribution level of current members of LEOFF Plan 2 would not increase” is sometimes referred to as the actuarial cost, is normally calculated at the close of the window after all eligible members have transferred. This cost is the amount of money needed today (present value) to pay for the increased future benefit.

Appendix A shows detailed comparisons of the bills that have passed the Legislature allowing various groups into the LEOFF Plan 2.

6. Supporting Information

Appendix A – Previous Bills allowing various groups into LEOFF Plan 2.

APPENDIX A – Bill History of Groups Allowed into LEOFF Plan 2

Year and Bill Number	Description	Options	Employee Costs by Option	Employer Costs by Option
SHB 1744 1993	Allowed police employed by the state's universities and port districts to apply for membership in LEOFF Plan 2	1. Remain in PERS 2. Join LEOFF Plan 2 retroactively	1. None 2. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest	1. None 2. Difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest
SHB 2191 1996	Allowed fire fighters at institutions of higher education with fully operational fire departments to apply for membership in LEOFF Plan 2	1. Remain in PERS 2. Join LEOFF Plan 2 retroactively	1. None 2. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest	1. None 2. Difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest; and an amount sufficient to ensure the contribution rate level of current members of LEOFF Plan 2, would not increase due to the transfer
SHB 1202 2003	Allowed emergency medical technicians who were members of PERS providing emergency medical services for a city, town, county, or district whose job was relocated to a fire district to apply for membership in LEOFF Plan 2	No previous LEOFF Plan 1 Service: 1. Remain in PERS 2. Join LEOFF Plan 2 prospectively 3. Join LEOFF Plan 2 retroactively Previous LEOFF Plan 1 service: 1. Remain in PERS 2. Join LEOFF Plan 1 prospectively	No previous LEOFF Plan 1 Service: 1. None 2. None 3. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest Previous LEOFF Plan 1 service: 1. None 2. None	No previous LEOFF Plan 1 Service: 1. None 2. None 3. None ¹ Previous LEOFF Plan 1 service: 1. None 2. None

Year and Bill Number	Description	Options	Employee Costs by Option	Employer Costs by Option
HB 1936 2005	Allows emergency medical technicians who are members of PERS providing emergency medical services for a city, town, county, or district to apply for membership in LEOFF Plan 2	<p>No previous LEOFF Plan 1 Service:</p> <ol style="list-style-type: none"> 1. Remain in PERS 2. Join LEOFF Plan 2 prospectively 3. Join LEOFF Plan 2 retroactively <p>Previous LEOFF Plan 1 service:</p> <ol style="list-style-type: none"> 1. Remain in PERS 2. Join LEOFF Plan 1 prospectively 	<p>No previous LEOFF Plan 1 Service:</p> <ol style="list-style-type: none"> 1. None 2. None 3. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest <p>Previous LEOFF Plan 1 service:</p> <ol style="list-style-type: none"> 1. None 2. None 	<p>No previous LEOFF Plan 1 Service:</p> <ol style="list-style-type: none"> 1. None 2. None 3. An amount sufficient to ensure the contribution level of current members of LEOFF Plan 2 will not increase due to the transfer <p>Previous LEOFF Plan 1 service:</p> <ol style="list-style-type: none"> 1. None 2. An amount sufficient to ensure the contribution level of current members of LEOFF Plan 2 will not increase due to the transfer
HB 1205 2003	Requires Fish & Wildlife Enforcement Officers to become members of LEOFF Plan 2 on the effective date of the bill	None	None	None

¹There is no direct cost to a specific employer for an employee transferring service credit; rather there was an increase in both member and employer contribution rates.